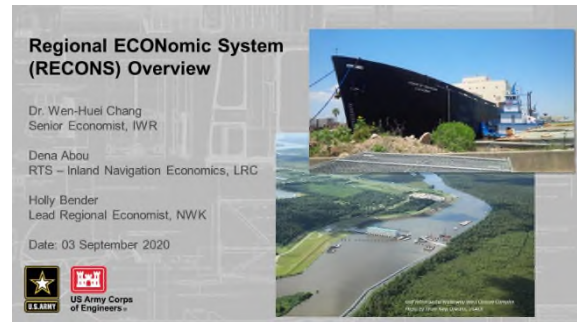


*This webinar provided an overview of the Regional Economic System (RECONS) model, which automates calculations of regional economic activity. RECONS Team members Wen Chang (Senior Economist, Institute for Water Resources), Dena Abou (Regional Technical Specialist, Inland Navigation Economics, Chicago District, and Holly Bender (Lead Regional Economist, Kansas City District) discussed the importance of RECONS in light of the [3 April 2020 directive issued by the Assistant](#)*



*Secretary of the Army for Civil Works (ASA(CW)) for USACE to provide a comprehensive documentation of benefits in feasibility studies. RECONS is the Agency's only certified regional economic development (RED) model, making it an essential tool for compliance with the recent ASA(CW) memo on comprehensive documentation of benefits. Presenters summarized key differences between the national economic development (NED) and RED accounts, and provided an overview of the RECONS model, including a live demo.*

*For more information, visit the [Institute for Water Resources RECONS website](#) or the [RECONS model page](#); or contact Dr. Wen-Huei Chang (RECONS Program Manager), Dena Abou (RECONS National Coordinator), or Holly Bender and Steve Stalikas (RECONS Development Team).*

*This summary of the Question / Answer session of the webinar is not a transcription; questions and responses have been edited and reordered for clarity.*

### **RED Analysis in RECONS**

#### **Does RECONS consider RED losses under the “future without project” (FWOP) condition and RED losses or transfers under the “with project” condition?**

The short answer is that RED transfers between regions under the “with or without project” condition are difficult to estimate because humans do not behave the way economists expect them to, and there may not be perfect substitutes or alternatives in both regions. In current practice, RECONS treats losses under FWOP conditions the same way benefits are treated under “with project” conditions, and focuses on the net gain or loss resulting from the proposed changes in economic activities one region at a time without consideration of other regions.

The final implementation guidance based on the 3 April 2020 memorandum from the ASA(CW), [Comprehensive Documentation of Benefits in Feasibility Studies](#), will likely contain information from HQUSACE on how RED should be addressed in feasibility studies.

#### **What is the concept of “value added” in RED analysis?**

Value added is defined as “gross regional product” or “gross state product,” meaning sales or gross revenue less the cost of intermediate inputs.

#### **Is there any way to analyze NED at a local level, (i.e., consumer surplus and welfare estimates analogous to RED at a regional/local level)?**

NED and RED are separate accounts under the [1983 Principles and Guidelines](#) that include distinct economic benefits related to similar activities (e.g., for a navigation project, NED may look at extra

savings to a shipper while RED may look at regional expenditures and benefits related to the project). As such, planners should avoid double counting benefits as much as possible by keeping NED and RED analyses separate.

**Does the RECONS model address the RED impacts of non-structural alternatives (e.g., elevation or acquisition)?**

Some costs related to non-structural measures are built into RECONS (e.g., demolition and structure elevation costs) through construction work activities. Other non-structural measures such as acquisition or buy-outs are real estate transactions that do typically not result in regional economic benefits. RECONS could capture reduced household spending in a region based on residents moving because of an acquisition or buy-out, but this would require customizing the model to capture the regional impact.

**RECONS Functionality**

**Is the application of RECONS limited to USACE projects only, or can the model be used for any local or regional area in the United States?**

RECONS can be used for any area in the country, regardless of whether the project in question is a USACE project or not. To conduct such an analysis, users can input a nearby piece of USACE infrastructure, and the model will link that existing project with an existing economic functional area, which is all it needs to run and create outputs. If no USACE project exists close by to the area in question, users can look up a USACE-based statistical area within the model by state instead. In addition, RECONS can also be modified to create a customized region for the area of interest. Note: this type of modification requires a customization request through the RECONS Development Team.

**Can production functions or margins in RECONS be modified?**

Production functions cannot be modified in RECONS, although margins can be modified, to a degree. Margins are built into the spending profiles, which are able to be modified by RECONS users.

**And Multi-Regional Input-Output (MRIO) analysis be applied to estimate trade flows in RECONS?**

Yes; as MRIO analysis is a built-in function in the IMPLAN modeling application (which provides source data for RECONS), by default the trade flows and resulting multipliers used in RECONS are estimated with MRIO modeling approach.